GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

STARRED QUESTION NO:63
ANSWERED ON:19.02.2009
FOREIGN INVESTMENT IN FOOD PROCESSING INDUSTRIES
Barad Shri Jashubhai Dhanabhai

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether several foreign investment proposals have been approved for setting up of food processing units in the country including the State of Gujarat, during the past few years;

(b) if so, the details thereof; and

(c) the impact of such investment on domestic small food processing industries?

Answer

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES (I/C) (SHRI SUBODH KANT SAHAI)

(a) to (c): A statement is laid on the Table of the House.

Statement referred to in reply to part (a) to (c) of Lok Sabha Starred Question No. 63 for answer on 19.02.2009 regarding Foreign Investment in Food Processing Industries.

(a) & (b): Government has put in place a liberal and transparent policy on FDI according to which FDI up to 100% is permitted, under the automatic route in most sectors including food processing sector except food retail and items reserved for small scale industrial sector. FDI up to 100% under the automatic route is allowed for the infrastructure development in the food processing / storage activities like cold storage, transportation, etc. During the period from January 2004 to September 2008, 42 Foreign Direct Investment (FDI) and Foreign Technology Cases (FTCs) proposals in the food processing industries sector were approved with total foreign investment of Rs. 4602.75 million (US $ 105.22 million). During this period the actual FDI inflow against FIPB approvals and inflows coming through RBI route to the sector is Rs. 15795.88 million (US $ 363.15 million). The details are Annexed.

(c): There is no evidence of any adverse impact of FDI on domestic small food processing industries in the country, rather these industries have been benefited with innovative technologies, products and quality of the food products. This could also be seen from the data of growth rates of production of small scale sector. The small scale sector has maintained a higher rate of growth vis-Ã -vis the overall industrial sector during the years 2002-03 to 2005-06. The growth rate of SSI sector during 2002-03 was 8.68% as compared to 5.70% in respect of overall industrial sector. In 2005-06, it was 12.32% as against 8.10% in respect of overall industrial sector.